CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 23, 2011

S. 453
Motorcoach Enhanced Safety Act of 2011

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 5, 2011

SUMMARY

S. 453 would require two agencies within the Department of Transportation (DOT) to establish new safety standards and regulations for most interstate busses, complete research on bus safety, and create a new training curriculum for operators of interstate busses. Based on information from DOT, CBO estimates that implementing the bill would cost $34 million over the 2012-2016 period, assuming appropriation of the necessary amounts.

Pay-as-you-go procedures apply to this legislation because it would affect revenues. S. 453 would require DOT to conduct safety audits for certain new bus companies for a charge of up to $1,200 per audit. Such regulatory fees are recorded in the budget as revenues. CBO estimates that this provision would raise revenues by $10 million over the 2011-2021 period. Enacting the bill would not affect direct spending.

S. 453 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on manufacturers of motorcoaches, motorcoach owners, state transportation agencies, and medical examiners. Because of uncertainty about the number of entities affected and the scope of future regulations, CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual thresholds established in UMRA for intergovernmental or private-sector mandates ($71 million and $142 million in 2011, respectively, adjusted annually for inflation).

CBO has not reviewed part of section 6(a)(2) of the bill for mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce statutory rights prohibiting discrimination. CBO has determined that some of the provisions in that section fall within that exclusion because they involve compliance with the Americans with Disabilities Act of 1990.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 453 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	2012	2013	2014	2015	2016	2012-2016
CHANGES IN SPENDING SUBJECT TO APPROPRIATION[a]						
Estimated Authorization Level	8	8	7	7	7	37
Estimated Outlays	5	8	7	7	7	34

a. In addition, enacting S. 453 would increase revenues by $10 million over the 2012-2021 period.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 453 will be enacted by the end of fiscal year 2011 and that the amounts estimated to be necessary will be appropriated each year. Estimates of spending are based on historical spending patterns for motor safety programs.

Spending Subject to Appropriation

S. 453 would require the Federal Motor Carrier Safety Administration (FMCSA) and the National Highway Traffic Safety Administration (NHTSA) within DOT to establish new safety standards and regulations for most interstate busses, complete research on bus safety, and create a new training curriculum for operators of interstate busses.

FMCSA would be required to: conduct safety checks for new motor coach carriers before the carriers were authorized to provide transportation services; assess the possibility of conducting a mandatory state inspection program for motor coach carriers; and increase oversight of the medical exams given to operators of motor coaches. The agency also would be required to establish a safety training curriculum for operators of motor coaches. NHTSA would be required to expedite current research and regulatory proceedings concerning the safety and structural features of motor coaches as well as conduct research into new areas, including fire safety on motor coaches. Based on information from FMCSA and NHTSA, CBO estimates that implementing those provisions would cost $34 million over the 2021-2016 period, assuming appropriation of the necessary amounts.

Revenues

S. 453 would allow FMCSA to charge certain new bus carriers a fee of $1,200 for safety audits that must be completed before the company would be allowed to operate bus services. Under provisions of the bill, those amounts would be deposited in the Highway Trust Fund. Based on information from the agency, about 1,000 carriers apply annually for operating permits. CBO estimates that enacting the provision would raise revenues by $1 million annually and $10 million over the 2012-2021 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 453 as ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 5, 2011

	By Fiscal Year, in Millions of Dollars												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2016	2011-2021
	NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 453 would impose intergovernmental and private-sector mandates, as defined in UMRA, on manufacturers of motorcoaches, motorcoach owners, state transportation agencies, and medical examiners. Because of uncertainty about the number of entities affected and the scope of future regulations, CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual thresholds established in UMRA for intergovernmental or private-sector mandates ($71 million and $142 million in 2011, respectively, adjusted annually for inflation).

Mandates that Apply to Public and Private Entities

Safety Standards. The bill would direct NHTSA to establish standards for motorcoach safety, including standards for technologies that help to avoid rollovers, enhance window strength, and improve roof resistance. The regulations would apply to all motorcoaches manufactured at least two years after each standard is made final. NHTSA also could require existing motorcoaches to comply with any of the safety standards established under the bill. According to FMCSA and industry sources, about 35,000 privately owned motorcoaches are currently in operation, and approximately 500 to 2,000 new motorcoaches are sold each year to private entities. However, about twice as many publicly owned buses are in operation. (Some of those buses provide motorcoach services as defined in the bill.)

Private entities would face additional manufacturing costs to meet the standards for new motor coaches. In addition, both private and public entities would face costs to retrofit existing motorcoaches if required by NHSTA. The cost of complying with the standards could be significant, depending on the number of buses affected and the scope of future regulations—particularly the degree to which retrofitting is required. Information from NHTSA and industry sources indicates that the incremental cost for new motorcoaches would be at least several thousand dollars per motorcoach, and the cost to retrofit existing motorcoaches could total tens of thousands of dollars per motorcoach, depending on the scope of NHSTA requirements. Because of uncertainty about the scope of future regulations, CBO cannot estimate the total costs of the mandates to public or private entities.

Training Requirements. The bill would establish new requirements for entities that train entry-level drivers of motorcoaches. Based on information from FMCSA and industry sources about existing training programs and the cost of incremental changes, CBO estimates that the cost of the mandate to public and private entities would be small, relative to both annual thresholds.

Mandates that Apply to Public Entities Only

Commercial Motor Vehicle Inspections. S. 453 would direct the Secretary of Transportation to consider requiring states to conduct annual inspections of commercial motor vehicles used to transport passengers. If the Secretary required states to conduct such inspections, that requirement would be a mandate as defined in UMRA.

Almost half of the states currently inspect motorcoaches, and more than two-thirds of covered vehicles are subject to those inspections. The remaining states would have to implement an inspection program in the event the Secretary issued a new rule. CBO assumes that states would conduct on-site inspections of vehicles and estimates that additional personnel, equipment, and travel expenses would total about $10 million annually.

Driver Training Certificates. The bill would prohibit state agencies that issue commercial driver's licenses (CDLs) from issuing a passenger endorsement to a driver unless the agency verifies that the driver has completed a training course required by the bill. States receive about 5,000 entry-level applications for CDLs annually. Given the relatively small additional effort involved in manually comparing training certificates for those applications, CBO estimates that the cost of this mandate would be small.

Preemption. The bill would preempt state and local laws and regulations relating to training requirements for motorcoach drivers. While the preemption would limit the application of state and local laws and regulations, CBO estimates that it would not impose significant costs.

Mandates that Apply to Private Entities Only

FMCSA Registration. S. 453 would require owners of companies that rent or lease motorcoaches as well as brokers of motorcoach services to register with FMCSA. The cost of the mandate would be the amount of money spent to meet qualification requirements for registration. Based on information from FMCSA on the number of companies that could be affected and from industry sources on the costs of meeting the requirements for registration, CBO estimates that the cost of the mandate would total less than $12 million per year.

Auditing Requirements. The bill would require carriers that apply to operate motorcoach services to undergo safety audits. The bill would authorize FMCSA to charge a fee of up to $1,200 to cover the costs of performing the audit. Based on information from FMCSA on the cost of such a program, CBO estimates that motorcoach operators would pay about $1 million per year in fees to comply with this mandate.

Other Mandates. CBO estimates that the costs of several other private-sector mandates imposed by the bill would be minimal. Such mandates would:

- Increase the frequency with which motorcoach carriers have to submit to periodic safety reviews conducted by FMCSA;
- Require motorcoach carriers to submit to annual state inspections, depending on the outcome of a rulemaking procedure;
- Require medical examiners, who certify the medical fitness of applicants to be commercial drivers, to file paperwork with state licensing agencies; and
- Require applicants seeking authority to operate a new motorcoach service to disclose any ownership, management, or familial relations with other motorcoach operators during the previous three years.

Provisions Excluded under UMRA

CBO has not reviewed part of section 6(a)(2) of the bill for mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce statutory rights prohibiting discrimination. CBO has determined that some of the provisions in that section fall within that exclusion because they involve compliance with the Americans with Disabilities Act of 1990.

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